



## State of Utah

### Department of Environmental Quality

Dianne R. Nielson, Ph.D.  
*Executive Director*

DIVISION OF DRINKING WATER  
Kevin W. Brown, P.E.  
*Director*

**Drinking Water Board**  
Dale Pierson, *Chair*  
Anne Erickson, Ed.D., *Vice-Chair*  
Myron Bateman  
Jay Franson, P.E.  
Laurie McNeill, Ph.D.  
Nancy Melich  
Dianne R. Nielson, Ph.D.  
Charlie Roberts  
Petra Rust  
Ron Thompson  
Chris Webb  
Kevin W. Brown, P.E.  
*Executive Secretary*

JON M. HUNTSMAN, JR.  
*Governor*

GARY HERBERT  
*Lieutenant Governor*

### MINUTES OF THE JANUARY 18, 2005 DRINKING WATER BOARD MEETING HELD IN SALT LAKE CITY, UTAH

#### Board Members Present

Dale Pierson, Chair  
Anne Erickson, Vice Chair  
Myron Bateman  
Jay Franson  
Laurie McNeill  
Nancy Melich  
Dianne Nielson  
Charlie Roberts  
Petra Rust  
Chris Webb

#### Board Members Excused

Ron Thompson

#### Staff

Ken Wilde  
Tim Pine  
Ying Ying Macauley  
Mark Foster  
Rich Peterson  
Kate Johnson  
Steven Onysko  
Linda Matulich

#### Guests

Michael Georgeson, Franson Noble  
Clyde Watkins, Rural Water Association  
Russ Donoghue, Rural Water Association  
Karina Payne, St. George  
Don Olsen, Magna Water  
Ed Hansen, Magna Water  
Scott Wilson, CICWCD  
Rick Shumway, Town of Vernon  
Marc Edminster, Lewis Young  
Douglas Andersen, Town of Vernon  
Dyer Pitcher, Cornish Town  
Brian Deeter, Cornish Town  
Mark Clark, Weber Basin WCD  
Bill Young, Logan City  
Greg Thomas, Ward Engineering  
Joe Baird, Salt Lake Tribune  
Jason Burningham, Lewis Young  
Yvonne Hofe, Ballard Spahr  
Kent Cashel, Park City  
Kathy Dunks, Park City  
Jerry Gibbs, Park City  
Ken Mitchell, Park City

#### ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Salt Lake City, Utah with Chairman Pierson presiding. The meeting was called to order at 1:10 p.m.

#### ITEM 2 – ROLL CALL

Chairman Pierson mentioned Kevin Brown's mother passed away on Thursday, January 13, 2005, and Ken Wilde will be acting for Kevin today.

Chairman Pierson asked Ken Wilde to call roll of the Board members. The roll call showed there were 10 members present at the time.

### ITEM 3 – INTRODUCTIONS

Chairman Pierson welcomed everyone and asked the guests to introduce themselves.

### ITEM 4 – APPROVAL OF MINUTES – DECEMBER 10, 2004

Chairman Pierson stated a motion to approve the December 10, 2004 minutes would be in order.

**Anne Erickson moved the Board approve the December 10, 2004 minutes.**

**Laurie McNeill seconded.**

**CARRIED  
(Unanimous)**

### ITEM 5 – SRF/CONSERVATION COMMITTEE REPORT

#### 1) Status Report

Ken Wilde reported we have \$437,000 in the hardship grant funds and a total of \$1.5 million is available in the State SRF program. Dan Nielson completed a projection for the year, showing \$5.2 million is available. The projects funded under the State SRF program are listed in the status report of the packet.

Ken Wilde reported as of November 30, 2004 there is \$1.3 million in the hardship grant assessment fund and almost \$3 million in principal repayment funds. The current balance is about \$11.3 million in the Federal SRF program. Staff hasn't received the January 2005 statement yet, which shows the current Federal SRF program balance. Staff will have the 2005 grant application available at the next Board meeting. There will be another \$8 million available in the 2005 grant application package. A chart in the packet shows the projects that are funded as of today. The account has a funding balance of \$16 million, minus commitments of \$9.7 million, leaving a balance of \$6.5 million.

Ken reviewed the analyses of the Federal SRF funding and general use of funds revised as of January 6, 2005, the financial assistance submittal and Manila Town's activity. Iron County has a huge growth potential right now. Last month the Board authorized a planning loan of \$45,000 to Central Iron County Water District (District) to study the needs of their project. The District will come back to the Board with a plan. The District has applied for a \$6.7 million loan to construct the infrastructure to pick up Fifetown and some other developments in their community. The District will also be able to see who else would like to hook up to their countywide system.

Tim Pine reported on the Town of Manila's activity since the last Board meeting.

Discussion followed.

## 2) State SRF Applications

### a) Vernon City

Rich Peterson reported Vernon City is looking at constructing a new well. Currently, a private water company serves the residents. The short-term goal is to serve the cemetery and fill the fire trucks. Vernon City doesn't have any fire hydrants in their water system. The long-term goal is serve water to the residents. If Vernon City serves water to the 57 connections, they would qualify for a hardship grant with a 50% loan/grant request. Staff has been asked to do an equivalent grant/buy-down so the annual payment would be the same. Vernon does not currently have any revenue from water users. The SRF/Conservation Committee's recommendation is for the Board to authorize an equivalent of a 50/50 grant/loan mix. This recommendation would be for a \$52,000 grant and a \$152,000 loan at 0% for 20 years.

Douglas Andersen, Councilman, and Rick Shumway, Mayor, representatives for Vernon City, addressed the Board.

Discussion followed.

**Chris Webb moved the Board authorize an equivalent loan/grant split of 50/50 which is a grant of \$52,000 and a loan of \$152,000 at 0% to be repaid over 20 years. Also, with a condition that an agreement is worked out with the Town and Vernon Waterworks and it is acceptable to staff, the town meets all of the requirements of a new water system, and the Board would allow a stipulation that the Town can come back and request a change in the scope of work if it becomes necessary and it is possible.**

**Charlie Roberts seconded.**

**CARRIED**

**Nine voted yes.**

**Jay Franson opposed.**

### b) Cornish City

Rich Peterson reported Cornish City is looking to replace their aging water lines. Cornish City anticipates a \$150,000 grant from the CDBG. Cornish City will be able to contribute \$41,000. Cornish City is requesting \$235,000 from the Board. Cornish City does qualify for a grant. Even with a 50% grant, the water rates need to be increased approximately \$32 per connection. The SRF/Conservation Committee is requesting the Board authorize a 50/50 split with an \$82,000 grant and a \$153,000 loan at 0% for 20 years with the condition that Cornish City resolves the appropriate issues on their compliance report.

Dyer Pitcher, Mayor, and Brian Deeter, JUB Engineering, representatives for Cornish City, addressed the Board.

Discussion followed.

**Charlie Roberts moved the Board authorize an equivalent 50/50 loan/grant split of a \$82,000 grant and a \$153,000 loan at 0% to be repaid over 20 years with the condition they resolve the appropriate issues on their compliance report.**

**Dale Pierson seconded.**

**CARRIED  
(Unanimous)**

3) Federal SRF Applications

a) Project Priority List

Mark Foster handed out a revised Project Priority List. The two new projects on the List are Logan City and Washington County Water Systems (including: Gunlock SSD, Washington County SSD, Santa Clara, St. George, Enterprise, and Leeds).

Logan City has a project that will take care of the design and construction of a significant leak problem in a major transmission line going from the springs to the tank. The line is losing approximately 100,000-gpm during peak usage in the springtime. The water is chlorinated and is going into the river. At the peak flow, the concentration of chlorine is diluted and is non-detectable at this point. Logan City is asking for a \$9.2 million loan.

Washington County's flood disaster is the second project. The SRF/Conservation Committee hasn't seen staff's recommendation. Staff is recommending that this project be assigned 100 points and approved by the Board to be placed on the Project Priority List.

Discussion followed.

**Jay Franson moved the Board add Logan City and Washington County to the Project Priority List.**

**Myron Bateman seconded.**

**CARRIED  
(Unanimous)**

b) Magna Water Company

Ying Ying Macauley reported the Board authorized a \$4 million loan to Magna Water Company at 2.27% for 20 years at the August 13, 2004 Drinking Water Board. In the authorization, the Board also allowed a provision for the Magna Water Company to come back to the Board to request additional financial assistance. In a letter to the Division, dated December 8, 2004, the Magna Water Company requested additional funding of \$4 million for a total of \$8 million. The Magna Water Company was able to negotiate a \$4 million agreement with Alliant Tech to help fund the project. Pending approval, the Magna Water Company has also received grants in the amount of \$250,000 from AWWA and \$500,000 from STAG. The Magna Water Company is putting \$5,250,000 of their own money, \$8 million from the Drinking Water Board, \$4 million from Alliant Tech, \$250,000 from AWWA, and \$500,000 from a STAG Grant toward the project for a total of \$18,000,000. The SRF/Conservation Committee recommended the loan of \$4 million be amended to \$6 million and remain at 2.27% for 20 years. Ying Ying gave some additional information on the project.

Ed Hansen, Don Olsen, and Marc Edminster, Magna Water Company's representatives, addressed the Board, and asked the Board for a total of \$8 million or to reduce the interest rate.

Discussion followed.

**Myron Bateman moved the Board amend the loan amount of \$4,000,000 to \$6,000,000, and authorize the \$6,000,000 loan to be paid over 20 years at 2.27%.**

**Nancy Melich seconded.**

**CARRIED  
(Unanimous)**

c) St. George City

Ying Ying Macauley reported St. George is proposing constructing a water treatment plant to remove arsenic from their well water from the Gunlock well field. Unfortunately, the Gunlock well field sustained the most damage from the flooding. This project is different from the emergency funding project. The estimated cost for this project is \$15,000,000. St. George will contribute \$5,000,000 toward the project. St. George is requesting \$10,000,000 from the Drinking Water Board. The calculated interest rate for a 20-year loan is 1.79%. Ying Ying mentioned the consulting engineer told her before the Board meeting today that there may be an error on the application form. The interest rate of 1.79% may not be correct.

Jason Burningham, St. George City's representative, addressed the Board. Mr. Burningham explained why the 1.79% might not be correct.

Ken Wilde updated the Board on the flooding damages.

Discussion followed.

**Jay Franson moved to table St. George City's request to the next Board meeting on March 4, 2005.**

**Petra Rust seconded.**

**CARRIED  
(Unanimous)**

d) Logan City

Mark Foster reported Logan City has a request for a loan application for a Master Plan Update and a Water Conservation Plan Update to help identify water system improvements. The largest portion of the loan will provide funding to prepare an Environmental Assessment document for the DeWitt Springs. The SRF/Conservation Committee is recommending the Board authorize a \$345,000 loan at a reduced rate of 1.43% for 20 years with 0% principal forgiveness with the option of rolling that loan into a future larger loan that would be considered for the design and construction of the DeWitt Springs pipeline replacement. The loan today would be used to complete tasks 1 through 4.

Bill Young, Logan City's representative, addressed the Board.

Laurie McNeill declared a conflict of interest and won't vote.

Discussion followed.

**Myron Bateman moved the Board authorize a \$345,000 loan at a reduced interest rate of 1.43% for 20 years with 0% principal forgiveness with the option of rolling the loan balance into a future larger loan for the design and construction of the DeWitt Springs pipeline replacement. This loan is to be used to complete tasks 1 – 4 of: 1) Referencing the City's updated General Plan, update the Water Master Plan to identify areas where adequate peak hour and fire flows cannot be maintained from 2005 – 2025, 2) identify water distribution system improvements (sources, storage, water mains, and other system elements) that will enable the system to safely meet present and projected future customer demands and fire flows, 3) develop a water conservation plan, addressing the following issues: a) description of the current and projected city population, water resources, inventory, water budgets, and present and future water use and needs; b) identify existing and future water problems, conservation measures and goals; and c) evaluate current water rates, perform cost analyses, and recommend new rates to provide incentive for conservation; and 4) prepare environmental assessment documents for DeWitt Springs Water Transmission Line leaks along the Logan River, and associated preliminary engineering for replacement.**

**Dale Pierson seconded.**

**CARRIED**

**Eight voted yes.**

**Jay Franson voted no.**

**Laurie McNeill abstained.**

Discussion on motion.

4) Emergency Funding

a) Glendale Town

Ken Wilde requested the Board table Glendale Town's request.

**Jay Franson moved to table Glendale Town's request.**

**Charlie Roberts seconded.**

**CARRIED  
(Unanimous)**

b) Washington County Water Systems:

- 1) Gunlock SSD
- 2) Washington County WCD
- 3) Santa Clara
- 4) St. George
- 5) Enterprise
- 6) Leeds

Ken Wilde and Tim Pine made a presentation on the recent flooding in Washington County affecting the areas of: Gunlock Special Services District, Washington County Water Conservancy District, Santa Clara, St. George, Enterprise, and Leeds. Ken went over areas of concern and help needed for each of the affected areas.

Ken Wilde had some handouts for the Board. Ken mentioned the Rural Water Association went down immediately to help out the flooded areas. Most of the communities had protected their sources or had not sustained too much damage. FEMA is supposed to come up with about 75% of the cost for the flood damage repairs. In the past, the state has covered about 12.5% of the cost for the flood damage repairs. The local communities will need to cover about 12.5% of the cost for the flood damage repairs. FEMA doesn't cover any of the stream repair work. UDOT and the county will work on the road and the bridges. NRCS will try to provide funding for the soil work.

Ken mentioned Gunlock Special Service District needs work done to: emergency repairs of the water lines, repair and replace damaged facilities, clean and realign the river channel, and construct protective barriers for their drinking water facilities. The estimated cost for this work is \$550,000. Staff is recommending a \$100,000 grant available immediately upon setting up an escrow account. As soon as staff gets the paperwork signed with Gunlock, an escrow account will be set up. Staff also recommended the Board authorize a \$105,000 loan at 0%. If any of the amounts of the funds are not paid to Gunlock within 2 years, the balance due on the loan will become principal forgiveness. If any of the loan or grant is reimbursed by other agencies, the Gunlock Special Service District will repay their money to the Board. If the District needs more money and their costs exceed \$205,000, then they may return to the Board to request additional funds. The grant funds will be taken out of the Hardship Grant Assessment fund. The \$105,000 will come out of the second round funds of federal money.

Ken mentioned a second proposal for St. George City is very similar to the Gunlock Special Service District's request. Staff is recommending a \$168,500 grant to be available immediately upon setting up an escrow account, and \$169,000 loan at 0% to be repaid over 10 years. If St. George City recovers any of the money, then they will repay the Board. The money would go into an escrow account. Staff is suggesting a contract with St. George City be set up for a loan repayment in lieu of a bond.

Discussion followed.

**Chris Webb moved the Board accept staff's recommendations on the emergency funding request with the exception of the conversion of the principal forgiveness on the Gunlock Special Service District request for 20 years to be added under item b.**

**Gunlock Special Service District's recommendation is:**

- 1) Gunlock Special Service District: Authorize \$205,000 financial assistance through the Federal SRF program out of the second round funds with the following terms: a) \$100,000 grant to be available immediately upon setting up an escrow account, b) \$105,000 loan at 0% interest to be repaid over 20 years, c) if any of the costs covered by this grant are paid for (or reimbursed) by another state or federal agency, the District will reimburse that portion of the \$205,000 to the Board. The loan funds will be reimbursed first and the grant funds last. If the District does not need all of the \$205,000, then those funds will be returned to the Board, d) the district must receive approval of the scope of work and subprojects from the Division and DEQ, all the Drinking Water Board funds will be placed into an escrow account. The District must get approval from the Division for all expenditures/disbursements, and if the amount of the District's share of costs exceeds \$205,000, the District may return to the Board and request additional assistance.**

**St. George City's recommendation is:**

- 2) Authorize \$337,500 financial assistance to St. George City through the Federal SRF Loan Program out of the second round funds with the following terms: a) A \$168,500 grant to be available immediately upon setting up an escrow account, b) \$169,000 loan at 0% to be repaid over 10 years, c) if any of the costs covered by this grant are paid for (or reimbursed) by another state or federal agency, the City will reimburse that portion of the \$337,500 to the Board. The loan funds will be reimbursed first and the grant funds last. If the City does not need all of the \$337,5000, then those funds will be returned to the Board, d) the district must receive approval of the scope of work and subprojects from the Division and DEQ, e) all Drinking Water Board funds will be placed into an escrow account. The District must get approval from the Division for all expenditures/disbursements, and f) the Division is willing to enter into a contract with the City for loan repayments in lieu of a bond.**

Discussion on motion.

**Myron Bateman seconded.**

**CARRIED  
(Unanimous)**

Dianne Nielson commended staff for the work they did on the recent flooding Washington County encountered.

#### **ITEM 5 – NON-SUBSTANTIVE CHANGE TO R309-600**

Kate Johnson mentioned there are some minor errors in rule R309-600. Some definitions that were changed in 2004 were listed throughout the rule, but the rule wasn't modified to reflect the changes. The Division of Administrative Rules has agreed with the changes. The changes are non-substantive.



**Jay Franson moved the Board proceed with submitting the non-substantive changes to rule R309-600 to the Division of Administrative Rules.**

**Myron Bateman seconded.**

**CARRIED  
(Unanimous)**

**ITEM 7 – NOTICE OF FIVE YEAR REVIEW AND NOTICE OF CONTINUATION FOR R309-600 AND 605 – DRINKING WATER SOURCE PROTECTION FOR GROUNDWATER SOURCES AND DRINKING WATER SOURCE PROTECTION FOR SURFACE WATER SOURCES**

Kate Johnson mentioned the rules are required to be reviewed every five years. Rule R309-605 is scheduled for review this year. Rule R309-600 is scheduled for review in 2007. If both of the rules were reviewed at the same time, both rules would be on the same review schedule and would save time. Staff has received no comments on the rules during the review period.

Discussion followed.

**Chris Webb moved the Board authorize staff to file a Notice of Continuation for R309-600 and R309-605 with the Division of Administrative Rules.**

**Anne Erickson seconded.**

**CARRIED  
(Unanimous)**

**ITEM 8 – DRINKING WATER BOARD’S POLICY ON PUBLIC DRINKING WATER SYSTEMS**

Chairman Pierson mentioned the policy statement on Public Drinking Water Systems is before the Board today because of some concerns. Chairman Pierson mentioned if the policy is mailed out to the local planning officials, a cover letter should go with the policy.

Ken Bousfield mentioned there is an established law in statute. Ken reviewed the policy with the Board, and what staff is encountering with the water systems throughout the state.

Dianne Nielson expressed concern about the policy being treated as a rule without it going through the public comment period and rulemaking procedures. She recommended that staff propose a rule for the Board’s consideration.

Discussion followed.

**Jay Franson moved the Board have staff put the proposed policy statement in the form of a rule, and bring it back to the Board at an appropriate time for final approval.**

**Chris Webb seconded.**

**CARRIED  
(Unanimous)**

**ITEM 9 – PARK CITY ANTIMONY EXEMPTION**

Chairman Pierson mentioned Park City mailed out a public notice on the Antimony Exemption and asked for comments from the guests.

No comments were received.

Ken Bousfield recommended the Board proceed and authorize the Antimony exemption to Park City.

**Laurie McNeill moved the Board authorize the Antimony exemption to Park City.**

**Petra Rust seconded.**

**CARRIED  
(Unanimous)**

**ITEM 10 – MINIMUM DISTRIBUTION SYSTEM PRESSURE REQUIREMENTS  
PRESENTATION AND DISCUSSION**

Ken Wilde mentioned that Ying Ying Macauley has been working very closely with Scott Hacking on the Minimum Distribution System Pressure Requirements information. Ken said staff is basically looking for is to present the Board with arguments for changing the minimum water pressures, back it up with some other arguments from other sources, showing what the other states have been doing, and seeing if the Board would like staff to proceed in writing a rule.

Ying Ying Macauley showed a slide show with her presentation on the Minimum Distribution System Pressure Requirements.

Ying Ying mentioned there are three purposes of presenting this requirement to the Board. First, is to inform the Board how staff handles a low water pressure complaint. Second, is to present the information that Scott Hacking has investigated about minimum water pressure throughout the western states. Third, is to see whether the Board can give staff direction on coming up with a draft of a rule.

Ying Ying mentioned staff has received numerous complaints from customers. Ying Ying described how staff handles the complaints, and how staff helps out the customers. Staff compared Utah's minimum water pressure standard with the surrounding 10 states. Ying Ying reviewed staff's findings from the surrounding 10 states. The minimum water pressure for Utah is 20 psi. Ying Ying went into detail on the minimum water pressure information for the Board.

Discussion followed.

**Myron Bateman moved the Board authorize staff to begin rulemaking to increase minimum water pressures for consideration of adoption.**

**Jay Franson seconded.**

**CARRIED  
(Unanimous)**

**ITEM 11 – CHAIRMAN’S REPORT**

a) Legislative Issues

Dale Pierson reported there are only 2 bills in the current legislative session dealing with water issues. Both of the rules are giving additional empowerment to the State Engineers Office for penalties and enforcement issues.

Discussion followed.

Anne Erickson congratulated Dianne Nielson for being retained by the Governor.

**ITEM 12 – DIRECTORS REPORT**

a) Governor Huntsman’s Transition

Dianne Nielson mentioned the transition reports or the summary of the reports would become available to the Department Heads. The Department Heads will be asked to notify the Governor if they intend to make any changes. Dianne mentioned the Division Directors are doing a great job.

Discussion followed.

b) Board/Staff Communication Improvements Discussion

This agenda item was deferred to the next Board meeting.

**ITEM 13 – NEWS ARTICLES**

The news articles are in the packet.

**ITEMS 14 - LETTERS**

The letters are in the packet.

**ITEM 15 – UPDATE**

The update is in the packet.

**ITEM 16 – NEXT BOARD MEETING**

The next Drinking Water Board meeting is scheduled for March 4, 2005 at the Dixie Center in St. George. There may be a tour of the flood-damaged area. Staff will keep the Board updated of on the tour.

ITEM 17 – OTHER

No other business.

ITEM 18 – ADJOURN

Chairman Pierson stated a motion to adjourn the meeting was in order.

**Chris Webb moved to adjourn the Board meeting at 4:40 p.m.**

**Petra Rust seconded.**

**CARRIED  
(Unanimous)**

Linda Matulich  
Recording Secretary